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Message Text

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51
ACTION EB-11

INFO OCT-01 EUR-25 AF-10 ISO-00 AID-20 IGA-02 OMB-01

TRSE-00 INT-08 COME-00 XMB-07 L-03 H-03 CIAE-00

INR-10 NSAE-00 RSC-01 SS-20 NSC-10 CIEP-02 PRS-01

DRC-01 /136 W
---------- 034674
R 071737Z JAN 74
FM AMEMBASSY LONDON
TO AMEMBASSY LUSAKA
INFO SECSTATE WASHDC 6849

C O N F I D E N T I A L LONDON 00215

E.O. 11652: GDS
TAGS: EFIN, EIND, ZA, US
SUBJECT: LOAN FOR ZAMBIAN STEEL MILL
REF: (A) STATE 198201; (B) LUSAKA 1874

1. BILLMYER OF BANK OF AMERICA CALLED JANUARY 4 TO SAY THAT HIS BANK'S OFFICE IN CHICAGO HAD BEEN APPROACHED BY FIRST NATIONAL BANK OF CHICAGO ASKING IF BANK OF AMERICA WOULD BE PREPARED TO PARTICIPATE IN A 15 MILLION US DOLLAR (NOT EURODOLLAR) LOAN TO TIKA, THE PROPOSED ZAMBIAN STEEL MILL AUTHORITY.
2. ACCORDINO TO FIRST NATIONAL OF CHICAGO, BANK OF ZAMBIA WOULD BE THE GUARANTOR. TERMS WOULD INCLUDE A THREE-YEAR GRACE PERIOD AND TEN-YEAR REPAYMENT IN EQUAL SEMI-ANNUAL INSTALLMENTS. CONSTRUCTION WOULD BE UNDERTAKEN BY A YUGOSLAV FIRM AND PERFORMANCE OF THE CONTRACT WOULD BE GUARANTEED BY SWINDLER-DRESSLER OF PITTSBURGH. CONTRACT WOULD BE SIGNED SOME TIME IN JANUARY.
3. BILLMYER CALLED NATIONAL BANK GOVERNOR KUWANI EVENING OF JANUARY 4 TO DETERMINE WHETHER BANK OF ZAMBIA HAD IN FACT AGREED TO GUARANTEE THIS LOAN. KUWANI SAID THAT HE HAD HEARD NOTHINQ ABOUT IT. HE WAS VERY CONFIDENTIAL
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ANNOYED THAT FIRST NATIONAL OF CHICAGO, WHICH DOES NOT ENJOY A QOOD REPUTATION IN ZAMBIA, SEEMED TO BE TRYING

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TO SLIP IN THROUGH THE BACK DOOR VIA THE YUGOSLAVS. HE SAID THAT THERE HAD BEEN NO CHANGE AS FAR AS HE KNEW IN THE GOVERNMENT OF ZAMBIA'S VIEW REGARDING THE STEEL MILL PROJECT SINCE BILLMYER'S VISIT IN NOVEMBER. THE GERMAN PROCESS WAS STILL TAKING PRECEDENCE AND GRZ HOPED TO SECURE A HERMES CREDIT GUARANTEE.

4. IN HIS CONVERSATION WITH KUWANI, BILLMYER AGAIN REITERATED HIS BANK'S CONCERN WITH THE WAY THAT THIS PROJECT WAS BEING HANDLED. KUWANI WAS OBVIOUSLY PIQUED AT HAVING BEEN CUT OUT OF THE ACTION. HE SAID AN ACT OF PARLIAMENT WOULD BE REQUIRED TO PERMIT THE BANK OF ZAMBIA TO ACT AS GUARANTOR OF THIS TYPE OF LOAN AND, AS FAR AS HE KNEW, SUCH AN ACT HAS NOT EVEN BEEN CONTEMPLATED. KUWANI DID NOT SPECULATE ON WHO MIGHT BE PUSHING THE PROJECT. BILLMYER THOUGHT IT MIGHT BE THE MINISTRY OF MINES WHICH PERHAPS HOPED TO BYPASS THE NATIONAL BANK BY SEEKING A GUARANTEE FROM THE MINISTRY OF FINANCE.

5. IF EMBASSY HAS ANY FURTHER INFORMATION WHICH COULD BE RELEASED TO BILLMYER, IT WOULD BE APPRECIATED.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: IRON, BANK LOANS, STEEL PLANTS, MINING INDUSTRY, CREDIT GUARANTEES
Control Number: n/a
Copy: SINGLE
Draft Date: 07 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
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Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
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Disposition Remarks:
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Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: n/a
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740159/aaaacdnx.tel
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Office: ACTION EB
Original Classification: CONFIDENTIAL
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